

Introduced by Senator Beall

February 22, 2013

An act relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

SB 631, as introduced, Beall. Health care.

Existing federal law, the federal Patient Protection and Affordable Care Act (PPACA), enacts various health care coverage market reforms that take effect January 1, 2014. Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance.

This bill would make findings and declarations regarding the PPACA and would declare the intent of the Legislature to evaluate the current use of observational and outpatient settings for the delivery of inpatient-level care, assess the volume of inpatient services delivered in these settings, and determine policy changes necessary to create safe care environments for patients receiving care in these settings.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares the
- 2 following:
- 3 (1) The landscape of health care delivery is changing as we look
- 4 forward to the full implementation of the federal Patient Protection

1 Affordable Care Act (PPACA) in California, through which
2 millions of uninsured Californians will obtain health care coverage.
3 As rates of health care coverage increase, it is anticipated that more
4 individuals will seek health care services, including services in
5 general acute care hospitals. The increased demand may place
6 additional strains on already crowded emergency departments and
7 hospitals.

8 (2) The PPACA imposes new requirements on general acute
9 care hospitals that will likely result in those hospitals making
10 significant organizational changes in order to promote the goals
11 of the PPACA to lower health care costs. These organizational
12 changes may range from reducing readmission rates, changing the
13 ways in which patient acuity is assessed, and making more efficient
14 use of bed space.

15 (3) Currently, hospitals delay admission of some patients
16 through extensive use of observational settings. These settings are
17 often found adjacent to emergency departments, and are used as
18 an alternative to admitting patients who cannot be safely discharged
19 to their homes. In these settings, patients are placed for what can
20 be prolonged periods of time, often extending beyond 24 hours.

21 (4) The use of outpatient services is expected to increase as
22 hospitals adapt to payment models that incentivize avoidance of hospital
23 readmission. Further, some hospitals have enacted models in which
24 inpatient services, including inpatient cardiac catheterization, are
25 provided in outpatient settings.

26 (5) Observational and outpatient settings are not subject to many
27 of the laws and regulations aimed at ensuring patient safety and
28 adequate staffing standards, and the increasing use of these settings
29 for patients in need of inpatient care raises serious concerns about
30 patient access to safe levels of care and service.

31 (b) To ensure that patients are not denied access to safe inpatient
32 care in today's health care delivery system, and as hospitals adjust
33 their business models to comport with new PPACA requirements,
34 it is the intent of the Legislature to evaluate the current use of
35 observational and outpatient settings for the delivery of
36 inpatient-level care, assess the volume of inpatient services
37 delivered in these settings, and determine policy changes necessary

- 1 to create safe care environments for patients receiving care in these
- 2 settings.

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